



# Performance Audit Division

Greg S. Griffin, State Auditor | 404.656.2180 | audits.ga.gov

## Tuition Equalization Grant

### Requested Information on the Grant's Purpose and Impact

#### BACKGROUND

The Senate Appropriations Committee requested this special examination of the Tuition Equalization Grant (TEG). Based on the request, we reviewed trends in TEG enrollment, fields of study, and education outcomes. We also evaluated TEG's impact on student costs, as well as employment outcomes for TEG recipients. Finally, we reviewed TEG's provisions in comparison to other financial aid programs in supporting workforce needs.

TEG was created in 1971 to provide financial assistance to Georgia residents attending in-state, independent institutions. Recipients must be enrolled full-time at an approved school but do not have to meet requirements related to merit or financial need. The current annual award is \$900.

State law and regulation set requirements, such as accreditation, for approved institutions. These institutions may be nonproprietary (nonprofit) or proprietary (for-profit), although 2011 legislation limited the proprietary institutions to those that were eligible at the time. For the 2022-2023 academic year, 33 schools are approved for TEG, 31 (94%) of which are nonproprietary.

TEG is administered by the Georgia Student Finance Authority. In the 2021-2022 academic year, approximately 24,400 students received the award, with expenditures totaling \$18.1 million.

#### KEY RECOMMENDATIONS

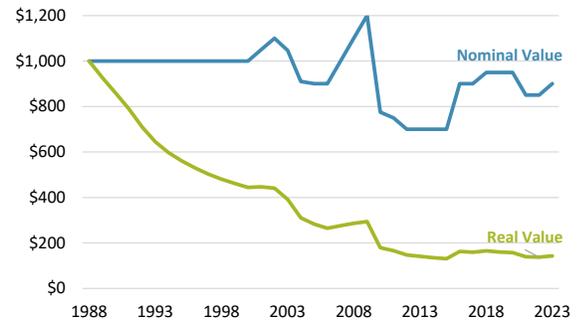
This report is intended to answer questions posed by the Senate Appropriations Committee and to help inform policy decisions.

#### KEY FINDINGS

The Tuition Equalization Grant (TEG) does not cover a significant portion of student costs at eligible postsecondary institutions, and the annual award amount is smaller than similar grants in other states. The number of TEG recipients has declined; however, most are employed in Georgia after receiving the grant.

#### TEG covers a small portion of costs on its own but is frequently part of a larger financial aid package.

- TEG's impact on costs fell as tuition increased. Nominally, the current \$900 annual award is 10% lower than in the late 1980s, but its real value has fallen 86% once tuition increases are considered—from \$1,000 to \$143.



- TEG currently covers 4.1% of tuition and fees on average, compared to 31% when the program began. TEG covers an average of 2.6% of the cost of attendance when room and board are factored in.
- Most TEG recipients also receive other financial aid, including other state aid, institutional aid, and federal aid. For example, during the 2021-2022 academic year, 58% of TEG recipients received the merit-based HOPE or Zell Miller Scholarship.
- The TEG award is smaller than similar grants for private college students in other southern states. However, when state-funded scholarships are considered, Georgia's combined award amount (TEG plus HOPE) is in line with other states.

#### The number of TEG recipients has declined over time.

- Since the 2009-2010 academic year, the number of TEG recipients declined by 33%.
- Lower overall enrollment at TEG-eligible institutions was the largest single factor contributing to the decline. Other factors included schools that closed or lost eligibility (resulting in fewer TEG-eligible institutions), more students attending part-time (since TEG requires full-time enrollment), and students transferring to non-TEG eligible schools (e.g., University System of Georgia).

#### Like Georgia, other states offer financial aid to promote workforce development in specific fields. However, TEG-like grants are not used for this purpose.

- Other southern states with grants for private college students do not restrict them to certain fields of study. However, all of the states we reviewed do offer a variety of other financial aid programs that target specific majors or occupations.
- These financial aid programs are typically service cancelable loans or scholarships that require the recipient to work in the state and in the targeted field. They most frequently target occupations in K-12 education, healthcare, or the military.
- TEG recipients work in a variety of industries in Georgia, including healthcare and social assistance, retail trade, administrative and support services, and educational services. Nearly 90% of TEG recipients were employed in Georgia after receiving their last TEG award, and nearly 75% remained employed in Georgia after 10 years.